

Message Text

UNCLASSIFIED

PAGE 01 LAGOS 06354 061737Z
ACTION AF-10

INFO OCT-01 ISO-00 EB-07 L-03 COME-00 /021 W
-----062039Z 085805 /65

R 061431Z JUN 77
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 1547

UNCLAS LAGOS 6354

E.O. 11652 : NA
TAGS : EINV, NI
SUBJ : AMERICAN INTERNATIONAL INSURANCE COMPANY

REF : STATE 129421

TEXT FMG NOTE REQUESTED REFTEL FOLLOWS:

"THE MINISTRY OF EXTERNAL AFFAIRS PRESENTS ITS COMPLIMENTS TO
THE EMBASSY OF THE UNITED STATES OF AMERICA AND FURTHER TO THE

MINISTRY'S NOTE NO. G.89/77, OF 24TH JANUARY, 1977, CONCERNING
THE COMPLAINT LODGED BY THE PARENT COMPANY OF THE AMERICAN
INTERNATIONAL INSURANCE COMPANY LIMITED WITH THE UNITED STATES
GOVERNMENT, HAS THE HONOUR TO CONVEY HEREUNDER THE COMMENTS OF
THE COMPETENT NIGERIAN AUTHORITIES ON THE MATTER.

"GOVERNMENT PARTICIPATION IN THE FOREIGN-OWNED INSURANCE COMPANIES
IS IN KEEPING WITH ITS POLICY TO INDIGENISE ALL THE KEY SECTORS OF
THE NIGERIAN NATIONAL ECONOMY. BEFORE THE GOVERNMENT TOOK A
DECISION TO PARTICIPATE IN THESE COMPANIES AN AD-HOC COMMITTEE
WAS SET UP TO NEGOTIATE ALL ASPECTS OF PARTICIPATION IN THE EQUITY
CAPITAL OF THE COMPANIES CONCERNED INCLUDING THE AMERICAN
INTERNATIONAL INSURANCE COMPANY LTD. DURING THE NEGOTIATIONS, THE
COMMITTEE FOUND THAT THE LEVEL OF THE REVENUE RESERVES OF THE
AMERICAN INTERNATIONAL INSURANCE COMPANY OF NAIRA 488,547 AS AT
31ST DECEMBER, 1973, WAS LOWER THAN THE LEVEL OF REVENUE RESERVES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LAGOS 06354 061737Z

OF THE ROYAL EXCHANGE AND THE UNITED NIGERIA INSURANCE COMPANY
WHOSE SHARES WERE PURCHASED BY THE GOVERNMENT AT THE PAR VALUE OF
NAIRA 2 PER SHARE. THE COMMITTEE ALSO FOUND THAT THE AMERICAN
INTERNATIONAL INSURANCE COMPANY DECLARED BONUSES ON THE BASIS OF
90 PERCENT TO THE SHAREHOLDERS AND 10 PERCENT TO ITS POLICY-HOLDERS
WHEREAS OTHER FOREIGN-OWNED INSURANCE COMPANIES DECLARED BONUSES
AS FOLLOWS: 90 PERCENT TO POLICY HOLDERS AND 10 PERCENT TO

SHAREHOLDERS. IN SPITE OF THIS, THE COMMITTEE, AFTER GIVING CAREFUL CONSIDERATION TO THE VIEWS OF THE AMERICAN INTERNATIONAL INSURANCE COMPANY PERMITTED IT TO CAPITALISE THE SUM OF NAIRA 394,712 PLACED TO SHARE CAPITAL. THIS BROUGHT THE CAPITAL BASE OF THE COMPANY TO NAIRA 451,516 FROM WHICH THE GOVERNMENT ACQUIRED 49 PERCENT.

"THE SHARES OF THE AMERICAN INTERNATIONAL INSURANCE COMPANY WERE ACQUIRED AT THE PAR VALUE OF NAIRA 2 PER SHARE. THIS PRICE WAS ONE OF THE HIGHEST PAID TO ANY FOREIGN-OWNED INSURANCE COMPANIES DURING THE EXERCISE. THE SHARES OF SOME REPUTABLE INSURANCE COMPANIES LIKE THE BRITISH AMERICAN INSURANCE COMPANY AND THE GUINEA INSURANCE COMPANY WERE PURCHASED AT NAIRA 1.25 AND NAIRA 1.75 RESPECTIVELY. FOLLOWING THE REFUSAL BY THE AMERICAN INTERNATIONAL INSURANCE COMPANY TO ACCEPT THE PRICE OF NAIRA 2 PER SHARE THE FEDERAL EXECUTIVE COUNCIL DIRECTED THAT 49 PERCENT OF THE SHARES OF THE COMPANY SHOULD BE ACQUIRED AT PAR VALUE OF NAIRA 2 PER SHARE AND IF THE COMPANY REFUSED, ITS LICENSE SHOULD BE WITHDRAWN. THIS DIRECTIVE WAS COMMUNICATED TO THE COMPANY WHICH LATER ACCEPTED THE OFFER AND SIGNED THE PARTICIPATION AGREEMENT. AS FAR AS NIGERIAN AUTHORITIES ARE CONCERNED THERE HAS BEEN NO NEW DEVELOPMENT WHICH COULD MATERIALLY AFFECT THE PRESENT ARRANGEMENT AS TO JUSTIFY ANY REVIEW ON THE LINES ADVOCATED BY THE AMERICAN INTERNATIONAL INSURANCE COMPANY.

"THE MINISTRY, IN THE CIRCUMSTANCES, HOPES THAT THE ABOVE EXPLANATION WILL SATISFY BOTH THE AMERICAN PARENT COMPANY (ALICO) AND THE UNITED STATES GOVERNMENT." (COMPLIMENTARY CLOSE.)
EASUM
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LAGOS 06354 061737Z

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS06354
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770201-0513
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770688/aaaacyvd.tel
Line Count: 97
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9e7eb784-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 129421
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2265492
Secure: OPEN
Status: NATIVE
Subject: AMERICAN INTERNATIONAL INSURANCE COMPANY
TAGS: EINV, NI
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/9e7eb784-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009